

School Strategies

Chapter ***3.1***

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School Strategies

Why should a school review this chapter?

Schools should review this Guide for information regarding cohort default rates. This chapter contains basic strategies to prepare a school for the release of the cohort default rates as well as strategies to help a school determine if it needs to submit a challenge, adjustment, or appeal and, if so, which challenges, adjustments, or appeals the school is eligible to submit.

The U.S. Department of Education's (the Department's) Default Management will send out supplements for the Guide with the draft and official cohort default rates. Schools should review the supplements to determine what information has changed. Schools should then incorporate the supplements into the appropriate sections of the Guide.

Default Management suggests that schools read the Department's publication "Ensuring Student Loan Repayment," a handbook of best student loan practices based on the Department's October 2000 student loan symposium. This publication is available at the Student Financial Aid (SFA) Schools Portal at

<http://sfa4schools.sfa.ed.gov>

and at the Information for Financial Aid Professionals (IFAP) website at

<http://ifap.ed.gov>

click on "electronic announcements," then select "2001," and scroll to the hyperlink "01/19/01."

What strategies can a school employ in relation to the release of the draft and official cohort default rates?

It is important that a school determine who will have responsibility for reviewing cohort default rate related matters

It is important that a school determine who will have responsibility for reviewing cohort default rate related matters. Default Management will send cohort default rate correspondence to the school president's office. If the president's office will not be responsible for reviewing the correspondence, it is important that the president's office know who at the school is responsible for reviewing the correspondence and immediately forward correspondence to that office.

It is equally important that there be a free flow of enrollment status information between the school office in charge of that information and the school office reviewing cohort default rate matters. The school should ensure that contacts are in place between those offices.

The school may wish to establish data manager, Default Management, and Case Management contacts within the school organization and provide updates to data managers, Default Management, and Case Management when those contacts change. A school should work with its Case Management team or Client Account Manager (CAM) to discuss default prevention strategies or default management plans. For more information on contacting the Department, see Chapter 2.5, "Department Offices and Addresses."

The Department recommends that schools send all cohort default rate correspondence and enrollment information correspondence to all entities via certified mail or commercial delivery and maintain the documentation that shows the correspondence was timely sent. A school should keep copies of all relevant electronic and hardcopy correspondence between the school and data managers, lenders, servicers, and the Department.

A school should contact all relevant data managers to determine what reports are available from the data manager to track student status on a regular basis. If the school gets information from the data managers, and the information is incorrect, the school should contact the data managers to discuss how to update the information.

On at least a monthly basis, the school should review the repayment information available through the National Student Loan Data System (NSLDS) and compare this data with the school's data. The school must timely submit, in accordance with Department regulations, changes in a student's enrollment status to NSLDS and follow up with a screen print to NSLDS to show timely submission.

The school should check the NSLDS error report to verify that changes were accepted. If the changes were not accepted, the school should resubmit the information. Contact NSLDS Customer Service at 1-800-999-8219 for submission assistance. The school should maintain documentation of the information submitted to NSLDS.

A Historically Black College or University, Tribally Controlled Community College, or Navajo Community College that believes it will be subject to sanction after release of the official cohort default rates may wish to consider establishing a default management plan. See Chapter 2.2, "Cohort Default Rate Effects," for additional information.

A school may wish to develop a checklist, specific to the school's needs, of the activities the school needs to do before, during, and after the release of the draft and official cohort default rates.

What is repayment information?

Repayment information is a default management tool provided to schools by the Department through NSLDS. NSLDS provides, on a monthly basis, school-specific repayment information regarding students who

- ❖ have obtained Federal Family Education Loans (FFELs) and William D. Ford Federal Direct Loans (Direct Loans) to attend the school and
- ❖ have entered into repayment on those loans in the first 12 months of the most recent 24-month period.

All schools that participate in any of the Title IV programs and have students who meet the above criteria may access the repayment information.

Repayment information is provided solely as a service to help schools track loans and correct errors associated with loans that recently entered into repayment. The information does not represent a school's cohort default rate. The Department will continue to calculate cohort default rates at the prescribed intervals and will base the cohort default rate calculation on data that is in NSLDS at the time of the calculation.

What are the benefits of reviewing repayment information?

Repayment information can assist schools in a number of ways:

- ❖ Repayment information allows schools to monitor when borrowers enter repayment. Schools that monitor borrowers' repayment status can use the information to make sure that the borrowers who have just entered repayment are aware of all of the repayment options available to them. This information can help a borrower avoid default.
- ❖ Repayment information helps schools ensure the data reported to NSLDS is accurate. Schools that monitor borrowers' repayment and default status can contact data managers as errors occur instead of waiting until the release of the cohort default rates to correct inaccuracies.

The repayment information does not provide information regarding a borrower's delinquency status. For more information about a borrower's possible delinquency status, a school should contact the data manager or loan holder for information about the borrower's loan status.

***Repayment
information helps
schools ensure
the data reported
to NSLDS is
accurate***

What types of repayment information are available?

Repayment information is available in a summary format or in a detailed file format.

The summary format provides a school with

- ❖ the number of borrowers who entered into repayment in the first 12 months of the most recent 24-month period and
- ❖ the number of those borrowers who entered into repayment in the first 12 months of the most recent 24-month period and defaulted or met other specified conditions during that 24-month period.

See the “Repayment Information Tools” section of Chapter 3.3, “Strategy Tools,” for information on obtaining summary repayment information.

The detailed file format provides a school with

- ❖ an individual listing of all the selected borrowers tallied in the summary format and
- ❖ information about each of the relevant loans for each borrower included on the report.

A school can only request a detailed file format for the most recent 24-month period. Therefore, it is important that a school monitor its repayment information on a monthly basis and, if desired, download the most recent detailed file format on a monthly basis.

See the “Repayment Information Tools” section of Chapter 3.3, “Strategy Tools,” for information on obtaining detailed repayment information.

What actions can a school take to help process the draft and official cohort default rates?

A school can begin cohort default rate preparations prior to the release of the draft or official cohort default rates. After the release of the draft or official cohort default rates, a school should review its cohort default rate data. The school should then determine if it wishes to submit a challenge, adjustment, or appeal based upon that data.

How does a school prepare for the release of the cohort default rates?

There are a number of things a school can do to prepare for the release of the cohort default rates.

- ❖ Be aware of the school's current cohort default rate status. The challenges, adjustments, or appeals a school can and should submit will be determined by whether or not the school is currently under sanction, and by which challenges, adjustments, and appeals the school has submitted in the past.
- ❖ Identify its two most recent prior official cohort default rates. Since some sanctions or benefits may be based on a school's three most recent official cohort default rates, schools will need to be aware of the prior cohort default rates to understand the consequences of their current cohort default rates. Schools can find this information on prior official cohort default rate notification letters. If the school's cohort default rate was changed as the result of an adjustment or appeal, it can find this information in the determination letter the school received from Default Management.
- ❖ Begin preparing challenge, adjustment, and appeal materials. There are a number of spreadsheets and letters used in each challenge, adjustment, and appeal. See the individual challenge, adjustment, and appeal chapters in Part IV for information on these spreadsheets and letters and how a school uses them. If a school has not previously created electronic copies of the various spreadsheets and letters it should do so at this time. The instructions for creating the spreadsheets are in the "Spreadsheet Tools" section of Chapter 4.11, "Challenge, Adjustment, and Appeal Tools." If a school has already created electronic copies of the various spreadsheets and letters, it should locate those electronic copies and verify that they are ready for use.

Further, a school can begin calculating its participation rate index for a participation index rate challenge prior to the release of the draft cohort default rates. See Chapter 4.2, “Participation Rate Index Challenge,” for more information. Similarly, a school can begin calculating its low income rate and placement rate or low income rate and completion rate for an economically disadvantaged appeal or its participation rate index for a participation rate index appeal prior to the release of the official cohort default rates. See Chapter 4.7, “Economically Disadvantaged Appeal,” and Chapter 4.8, “Participation Rate Index Appeal,” for more information.

Finally, a school can create a spreadsheet of its students who obtain FFELs and Direct Loans. See the section of this chapter entitled “How does a school determine if there is inaccurate data on the loan record detail report?” for more information.

When are cohort default rates sent to schools?

The Department sends cohort default rates to schools twice each year. Generally, the Department sends draft cohort default rates to schools in January or February. After schools receive their draft cohort default rate data, schools are provided an opportunity to identify and correct any inaccuracies by submitting an incorrect data challenge. The Department then releases the official cohort default rates. Official cohort default rates are generally released to schools, and are made available to the public, approximately six months after the release of the draft cohort default rates. However, the official cohort default rates must be released no later than September 30th.

The Department sends cohort default rate correspondence to the school president. School financial aid officials should coordinate with the president’s office to ensure that the correspondence is timely routed to the office that will be reviewing the cohort default rate information. The cohort default rate process time frames begin when the cohort default rate correspondence is received at the president’s office. The release dates for the draft and official cohort default rates will be posted at the SFA Schools Portal at

<http://sfa4schools.sfa.ed.gov>

and at the IFAP website

<http://www.ifap.ed.gov>

After the release dates are posted, the office at the school responsible for reviewing the cohort default rates may wish to inform the president’s office of the pending release of the cohort default rates and of the need to immediately route the cohort default rate correspondence to the office reviewing the cohort default rates.

The release dates for the draft and official cohort default rates will be posted at the SFA Schools Portal

How does a school review its cohort default rate data?

The school will receive a letter each year when the Department sends the draft cohort default rates to the schools. Most schools will also receive a loan record detail report for the draft cohort default rates listing all the borrowers contained in the draft cohort default rate calculation. The school should compare the information in the loan record detail report for the draft cohort default rates to the school's own records to ensure the accuracy of the data in the loan record detail report for the draft cohort default rates.

The school will receive a notification letter when the Department releases the official cohort default rates. The letter will inform the school of its official cohort default rate and inform the school of any sanctions or benefits associated with the school's official cohort default rate. (See Chapter 2.2, "Cohort Default Rate Effects," for additional information about cohort default rate sanctions and cohort default rate benefits.) This information will enable the school to determine the consequences of its current cohort default rate.

If the school's official cohort default rate is 10.0 percent or greater, the school will receive a loan record detail report for the current official cohort default rates listing all the borrowers included in the official calculation. (A school can also request a copy of the loan record detail report. See Chapter 2.3, "Loan Record Detail Report," for information on requesting a copy.)

The school should compare the loan record detail report for the official cohort default rates to both the school's own records and to the loan record detail report for the draft cohort default rates. If the school submitted an incorrect data challenge, the school should review the data managers' incorrect data challenge responses and correction letters from Default Management (if any) and compare these to the loan record detail report for the official cohort default rates.

The draft cohort default rate listed on the loan record detail report for the draft cohort default rates will not be accurate for average rate schools or schools that have undergone a change in status. An average rate school should calculate its draft cohort default rate using the current cohort default rate data and averaging that data with the school's two most recent official cohort default rate data. A school that has undergone a change in status should see Chapter 2.4, "Change in Status and Evasion," for information on calculating its cohort default rate.

The official cohort default rate listed on the loan record detail report for the official cohort default rates will also not be accurate for average rate schools or schools that have undergone a change in status. An average rate school or a school that has undergone a change in status can find its official cohort default rate on the official cohort default rate notification letter.

Because loan record detail reports contain personal identification information about borrowers who received loans under the FFEL and Direct Loan programs, the Privacy Act of 1974 and the Family Educational Rights and Privacy Act (FERPA) apply to all cohort default rate loan data, including the loan record detail reports. State and local laws and regulations may also govern the use of this material. Recipients must take appropriate steps to ensure that this material is used and discarded properly.

How does a school determine if it should submit a challenge, adjustment, or appeal?

There are a number of challenges, adjustments, and appeals a school can pursue after the release of the draft and official cohort default rates. Schools may submit challenges after the release of the draft cohort default rates; schools may submit adjustments and appeals after the release of the official cohort default rates.

The challenges, adjustments, and appeals fall into two main categories:

- ❖ Challenges, adjustments, and appeals that contend that the loan record detail report contains inaccurate data and that as a result, the school's cohort default rate is inaccurate. If a school submits one of these challenges, adjustments, or appeals, and the challenge, adjustment, or appeal is successful, the school's cohort default rate may be lowered, raised, or not affected. If the school's cohort default rate is lowered, the school may avoid a sanction or become eligible for a benefit.
- ❖ Challenges and appeals that contend that the school has exceptional mitigating circumstances that should remove the school from being subject to cohort default rate sanction. If a school submits one of these challenges or appeals, and the challenge or appeal is successful, the school may avoid sanctions. However, the school's cohort default rate will not be affected.

Figure 3.1.1

Schools Eligible to Submit a Challenge, Adjustment, or Appeal (part 1 of 2)

The type of challenge, adjustment, or appeal a school should submit depends on the school's situation. Figure 3.1.1 details which schools are eligible to submit the different challenges, adjustments, and appeals. See the relevant chapter in Part IV for a list of the materials a school must submit with each challenge, adjustment, or appeal.

| Submission Type | Basis | Which Schools Can Take Action? | For More Information |
|------------------------------------|--------------------------------------|--|--|
| Incorrect Data Challenge | Inaccurate Data | Any school that believes there is inaccurate data in the loan record detail report for the draft cohort default rates. | See Chapter 4.1, "Incorrect Data Challenge," and 34 CFR 668.185(b) |
| Participation Rate Index Challenge | Exceptional Mitigating Circumstances | Any school that <ul style="list-style-type: none"> ❖ believes it will be subject to sanction after the release of the official cohort default rates and ❖ has a participation rate index of less than 0.0375 for a sanction based on three consecutive cohort default rates that are 25.0 percent or greater or less than 0.06015 for a sanction based on a cohort default rate that is greater than 40.0 percent. | See Chapter 4.2, "Participation Rate Index Challenge," and 34 CFR 668.185(c) |
| Uncorrected Data Adjustment | Inaccurate Data | Any school that timely submitted an incorrect data challenge if <ul style="list-style-type: none"> ❖ the data manager reviewing the incorrect data challenge agreed to make changes to the cohort default rate data and ❖ the agreed upon changes are not reflected in the school's loan record detail report for the official cohort default rates. | See Chapter 4.3, "Uncorrected Data Adjustment," and 34 CFR 668.190 |
| New Data Adjustment | Inaccurate Data | Any school that believes there is new, incorrect data in the loan record detail report for the official cohort default rates. | See Chapter 4.4, "New Data Adjustment," and 34 CFR 668.191 |
| Erroneous Data Appeal | Inaccurate Data | Any school that is subject to sanction if <ul style="list-style-type: none"> ❖ the school believes there is new, incorrect data in the loan record detail report for the official cohort default rates or ❖ the school still disputes the accuracy of cohort default rate data it challenged in an incorrect data challenge. | See Chapter 4.5, "Erroneous Data Appeal," and 34 CFR 668.192 |

Figure 3.1.1 (cont.) - Schools Eligible to Submit a Challenge, Adjustment, or Appeal (part 2 of 2)

| Submission Type | Basis | Which Schools Can Take Action? | For More Information |
|-----------------------------------|--------------------------------------|--|--|
| Loan Servicing Appeal | Inaccurate Data | Any school that believes its loan record detail report for the official cohort default rates contains defaulted FFELs or Direct Loans that were improperly serviced for cohort default rate purposes. | See Chapter 4.6, "Loan Servicing Appeal," and 34 CFR 668.193 |
| Economically Disadvantaged Appeal | Exceptional Mitigating Circumstances | Any school that is subject to sanction if <ul style="list-style-type: none"> ❖ in the case of a non-degree-granting school, the school's low income rate is two-thirds or more and the school's placement rate is 44.0 percent or more or, ❖ in the case of a degree-granting school, the school's low income rate is two-thirds or more and the school's completion rate is 70.0 percent or more. | See Chapter 4.7, "Economically Disadvantaged Appeal," and 34 CFR 668.194 |
| Participation Rate Index Appeal | Exceptional Mitigating Circumstances | Any school that <ul style="list-style-type: none"> ❖ is subject to sanction and ❖ has a participation rate index of less than 0.0375 for a sanction based on three consecutive cohort default rates that are 25.0 percent or greater or less than 0.06015 for a sanction based on a cohort default rate that is greater than 40.0 percent. | See Chapter 4.8, "Participation Rate Index Appeal," and 34 CFR 668.195 |
| Average Rates Appeal | Exceptional Mitigating Circumstances | Any school that is <ul style="list-style-type: none"> ❖ subject to sanction based on three consecutive official cohort default rates that are 25.0 percent or greater if at least two of those cohort default rates were average rates and would have been less than 25.0 percent if they were calculated using only data for those cohort fiscal years alone or ❖ subject to sanction because of an official cohort default rate that is greater than 40.0 percent if the official cohort default rate was calculated as an average rate. | See Chapter 4.9, "Average Rates Appeal," and 34 CFR 668.196 |
| Thirty-or-Fewer Borrowers Appeal | Exceptional Mitigating Circumstances | Any school that is subject to sanction and has a total of 30 or fewer borrowers included in the denominator of the three most recent cohort fiscal years used to calculate the official cohort default rates. | See Chapter 4.10, "Thirty-or-Fewer Borrowers Appeal," and 34 CFR 668.197 |

***Contesting
inaccurate data
helps maintain
data integrity
and accuracy***

A school should be aware that it must timely submit a challenge, adjustment, or appeal. There are different time frames for submitting the various challenges, adjustments, and appeals. See the section of this chapter titled “What are the time frames for submitting a challenge, adjustment, or appeal?” for an overview of these time frames. A school should review these time frames to determine which challenge, adjustment, or appeal requires the most immediate attention.

In some cases, a school must request information from a data manager before the school makes a final submission to Default Management. When a school receives a data manager’s response, the school must decide if it will make a final submission. The final submission must also be made within a prescribed time frame. Again, see the section of this chapter titled “What are the time frames for submitting a challenge, adjustment, or appeal?” for an overview of these time frames.

Why should a school that is not subject to sanction contest inaccurate data on the loan record detail report?

There are a number of reasons why a school that is not subject to sanction should contest inaccurate data on the loan record detail report:

- ❖ Contesting inaccurate data helps maintain data integrity and accuracy.
- ❖ Contesting inaccurate data may lead to a reduction in the school’s cohort default rate that would make the school eligible for the benefits available to schools with low cohort default rates. See Chapter 2.2, “Cohort Default Rate Effects,” for information on the benefits available for schools with low cohort default rates.
- ❖ Contesting the accuracy of the data may help prevent a school from becoming provisionally certified based solely on the school’s official cohort default rate. See Chapter 4.5, “Erroneous Data Appeal,” for more information on provisional certification.

How does a school determine if there is inaccurate data on the loan record detail report?

A school should review the loan record detail report by comparing the school's records to the information on the loan record detail report. A school can simplify this process by creating a spreadsheet or database using information from the school's records. This Guide only discusses spreadsheets; a school should consult its technical staff to discuss database creation. It is important to note that a school does not need to wait until the release of the cohort default rates to create the school's spreadsheet.

Figure 3.1.2 is a sample school records spreadsheet. The instructions for creating and completing the school records spreadsheet are in the "School Tools" section of Chapter 3.3, "Strategy Tools."

Figure 3.1.2

Sample School Records Spreadsheet

Type: School Records Spreadsheet

| | A | B | C | D | E | F | G | H | I | J | K | L |
|---|----------------|-----------------|--------------|-------------------------|-------------|------------------------|------------------------|------------|------------------------|--------------------|-------------------|----------|
| 1 | Borrower's SSN | Borrower's Name | Type of Loan | Loan Period | Loan Status | Enrollment Status Code | Enrollment Status Date | LDA or LTH | Date Entered Repayment | Default/NegAm Date | Claim Reason Code | Comments |
| 2 | 111-11-1111 | Jonz, Shirley | SF | 09/01/2000 - 05/24/2001 | ID | F | 10/05/2000 | N/A | N/A | N/A | N/A | |
| 3 | 222-22-2222 | Grady, Whitman | SU | 09/01/2000 - 05/24/2001 | RP | G | 05/24/2001 | 05/24/2001 | 11/25/2001 | N/A | N/A | |

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Once the school has completed the spreadsheet, it should compare the spreadsheet to the loan record detail report, to the repayment information from NSLDS, or to information on data manager, lender, or loan servicer reports. The school should ask the following questions:

- ❖ Is each data element on the school's spreadsheet the same as the corresponding element on the loan record detail report (incorrectly reported)?
- ❖ Are there loans on the loan record detail report that are not on the school's spreadsheet (incorrectly included)?
- ❖ Are there loans on the school's spreadsheet that are not on the loan record detail report (incorrectly excluded)?

If there are differences between the school's data and the data on the sources mentioned, the school should examine its records and the other sources (for example, the NSLDS borrower enrollment history) to determine the possible causes for each difference. If the school believes there is inaccurate data on the loan record detail report, it should contest the data.

Figure 3.1.3

Challenges, Adjustments,
and Appeals that Can
Affect a School's Cohort
Default Rate

How does a school contest inaccurate data on the loan record detail report?

Figure 3.1.3 outlines the five challenges, adjustments, and appeals that enable a school to contest inaccurate data on a loan record detail report.

| Submission Type | Why Submit? | Which Schools Can Take Action? | Effect |
|-----------------------------|---|--|--|
| Incorrect Data Challenge | A school believes that the loan record detail report for the draft cohort default rates contains incorrect data. | All schools (if a school does not challenge the accuracy of data in an incorrect data challenge, the school cannot contest the accuracy of that data later in an uncorrected data adjustment or an erroneous data appeal based on disputed data). | If successful, NSLDS will be corrected and the corrected data will be used when calculating the school's official cohort default rate. |
| Uncorrected Data Adjustment | A school believes that the loan record detail report for the official cohort default rates contains data that should have been corrected as a result of its incorrect data challenge. | All schools that submitted a successful incorrect data challenge, if the official cohort default rate data does not reflect the changes agreed to as part of the incorrect data challenge process. | If successful, NSLDS will be corrected and Default Management will recalculate the school's cohort default rate. |
| New Data Adjustment | A school believes that the loan record detail report for the official cohort default rates contains new, incorrect data. | All schools, although those schools that are subject to sanction should submit an erroneous data appeal instead. | If successful, NSLDS will be corrected and Default Management will recalculate the school's cohort default rate. |
| Erroneous Data Appeal | A school believes that the loan record detail report for the official cohort default rates contains new, incorrect data and/or contains disputed data that was included in an incorrect data challenge. | Schools that are subject to sanction and schools that are subject to provisional certification due solely to cohort default rates (if a school does not challenge the accuracy of data in an incorrect data challenge, the school cannot contest the accuracy of that data in an erroneous data appeal). | If successful, NSLDS will be corrected and Default Management will recalculate the school's cohort default rate. |
| Loan Servicing Appeal | A school believes that the loan record detail report for the official cohort default rates contains defaulted loans that were improperly serviced for cohort default rate purposes. | All schools that have defaulted loans included in the loan record detail report for the official cohort default rates. | If successful, Default Management will recalculate the school's cohort default rate. |

How does a school contend that it has exceptional mitigating circumstances that should prevent the school from being subject to sanction due to its cohort default rate?

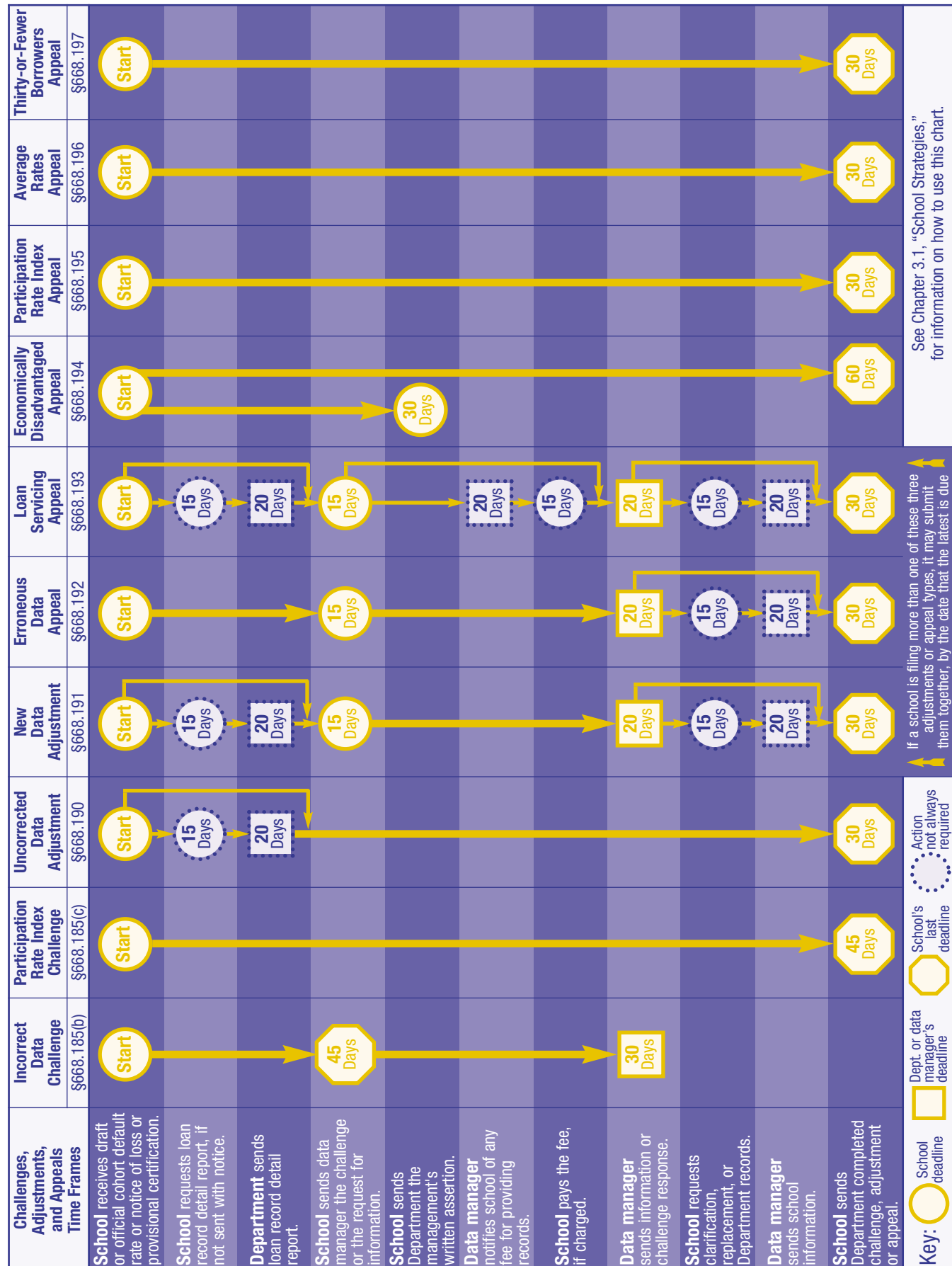
Figure 3.1.4 outlines the challenges and appeals a school may submit when it believes it has exceptional mitigating circumstances that should prevent the school from being subject to cohort default rate sanction.

Figure 3.1.4

Challenges and Appeals that Show a School Has Exceptional Mitigating Circumstances

| Submission Type | Why Submit? | Which Schools Can Take Action? | Effect |
|------------------------------------|--|--|--|
| Participation Rate Index Challenge | A school believes that it may be subject to sanction with the release of the official cohort default rates but also believes that it should not be subject to sanction because of its low participation rate index. | All schools, but only those that will be subject to sanction when the official cohort default rates are released will benefit. | If successful, the school will not be subject to the anticipated sanction. If the school successfully challenges based on a prior official cohort default rate, that cohort default rate will not be the basis for a future sanction. |
| Economically Disadvantaged Appeal | A school believes that it should not be subject to sanction because of the number of low income students attending the school and the school's placement rate (for a non-degree-granting school) or the school's completion rate (for a degree-granting school). | Schools that are subject to sanction. | If successful, the school will not be subject to sanction for that cohort fiscal year. |
| Participation Rate Index Appeal | A school believes that it should not be subject to sanction because of its low participation rate index. | Schools that are subject to sanction. | If successful, the school will not be subject to the sanction for that cohort fiscal year. If the school's participation rate index for a cohort fiscal year is 0.0375 or less, the cohort default rate for that cohort fiscal year will not be the basis for a future sanction. |
| Average Rates Appeal | A school will not be subject to sanction based on three consecutive cohort default rates of 25.0 percent or greater if at least two of these cohort default rates were calculated as average rates and would have been less than 25.0 percent if they were calculated using only data for those cohort fiscal years alone. A school will not be subject to sanction based on a cohort default rate that is greater than 40.0 percent if that cohort default rate is an average rate. | Schools that are subject to sanction. | If successful, the school will not be subject to sanction for that cohort fiscal year. |
| Thirty-or-Fewer Borrowers Appeal | A school will not be subject to sanction if a total of 30 or fewer borrowers entered repayment in the three most recent cohort fiscal years is used to calculate its cohort default rate. | Schools that are subject to sanction. | If successful, the school will not be subject to sanction for that cohort fiscal year. |

Figure 3.1.5- Challenges, Adjustments, and Appeals Time Frames



A school that believes it has exceptional mitigating circumstances does not need to wait for the release of the cohort default rates to begin preparing a challenge or appeal. For example, a school with a low number of borrowers that believes it will be subject to sanction can begin preparing its participation rate index challenge or participation rate index appeal prior to the release of the cohort default rates.

What are the time frames for submitting a challenge, adjustment, or appeal?

Figure 3.1.5 outlines the time frames for submitting a challenge, adjustment, or appeal. A school or data manager should not rely exclusively on this chart when submitting or responding to a challenge, adjustment, or appeal. For more details on these time frames and the challenge, adjustment, or appeal process, see the appropriate chapter in Part IV.

How does a school or data manager use the time frames chart?

The challenge, adjustment, or appeal process begins on the date that a school receives its draft cohort default rate, official cohort default rate, notice of loss of eligibility, or notice of provisional certification. This date is represented by the word “Start” in a circle.

The time frames in the chart identify the number of calendar days for completing a process. The time frame begins either at “Start” or on the date a subsequent action is completed. For example, if a school is waiting for a response from a data manager, the time frame begins on the date the school receives the response. If a school is waiting for responses from more than one data manager, the time frame for completion begins on the date that the school receives the final response from the last data manager.

The columns on the time frame chart represent the 10 challenges, adjustments, and appeals. Challenges are shown in the first two columns and are submitted after release of the draft cohort default rates. Adjustments and appeals are shown in the remaining columns and are submitted after the release of the official cohort default rates.

The rows on the time frame chart represent the various steps that can be taken as part of a challenge, adjustment, or appeal. The steps are marked by time frames surrounded by either a circle, square, or stop sign. A circle represents a school time frame. A square represents a data manager or Department time frame. A stop sign represents a school’s final time frame for submission.

To determine if a specific step is part of a specific challenge, adjustment, or appeal, follow the row representing the specific step across the row to the column representing the specific challenge, adjustment, or appeal. If there is a time frame in the box where the row intersects the column, that specific step is a part of that specific challenge, adjustment, or appeal.

For example, a school wishes to know if it must submit anything to a data manager as part of a participation rate index appeal. The school would follow the row named “School sends data manager challenge or request for information” to the column named “Participation Rate Index Appeal.” Because there is no time frame in this location, the school does not need to submit anything to a data manager as part of a participation rate index appeal.

The chart can also be read in the other direction. That is, a school or data manager can start at the top of the column for a specific challenge, adjustment, or appeal and read down the column. If there is a time frame on a step, the step is a part of that specific challenge, adjustment, or appeal.

For example, a school wishes to know the steps for submitting an economically disadvantaged appeal. The school would follow the “Economically Disadvantaged Appeal” column down from the top and see that three steps are involved: the school receives notice, the school submits a manager’s written assertion, and the school submits the completed challenge, adjustment, or appeal.

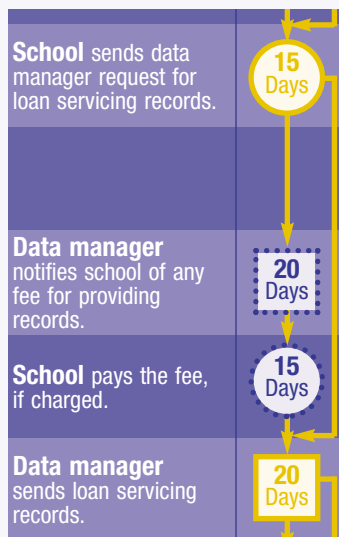
However, some steps in a specific challenge, adjustment, or appeal are not mandatory steps. A mandatory step is designated by an orange-colored time frame with a solid border. A step that is required only in certain circumstances is designated by a purple-colored time frame with a dotted border.

Figure 3.1.6 shows a portion of the time frame for submitting a loan servicing appeal. If the data manager requires a school to pay a fee for loan servicing records for a loan servicing appeal, the school must pay the fee before receiving the records. The time frame for the data manager to notify the school of the need to make payment and the time frame for the school to make payment (the two middle frames) have dotted purple borders, indicating that not every data manager may require payment of a fee. The first and last frames shown, however, are mandatory steps, and therefore have solid orange borders.

When confronted with a purple time frame, a school or data manager must determine if the time frame (and the step the time frame represents) applies. If the step applies, the time frame begins on the same date that it would if the time frame were orange.

Figure 3.1.6

Excerpt from Time Frame
for Submitting a Loan
Servicing Appeal



If the step does not apply, the time frame for the next required action is determined as if the purple time frames with the dotted borders were not there. The time frame for the next required action begins on the date that the last required action was completed.

As mentioned, the final deadlines for a school are marked with a stop sign. The only exceptions to these final deadlines apply to new data adjustments, erroneous data appeals, and/or loan servicing appeals. Normally, the school's final deadline is 30 calendar days after receiving a response from a data manager. However, if the school makes submissions to more than one data manager, the school's 30-calendar-day time frame does not begin until the school has received responses from every data manager to which the school made a submission. Further, if the school is submitting more than one of a new data adjustment, an erroneous data appeal, or a loan servicing appeal, the school's final deadline is the later of

- ❖ 30 calendar days of receipt of the last response to all of the school's [new data adjustment allegations](#),
- ❖ 30 calendar days of receipt of the last response to all of the school's [erroneous data appeal allegations](#), or
- ❖ 30 calendar days of receipt of the last response to all of the school's [requests for loan servicing records](#).

